

Message Text

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TAGS: BENC, VE
SUBJECT: MAJOR PROJECT: CORPOZULIA STEEL PLANT

REF: CARACAS 3517

1. PROJECT NAME: CORPOZULIA STEEL PLANT.
2. BRIEF DESCRIPTION: CORPOZULIA, THE GOV DEVELOPMENT AGENCY FOR THE STATE OF ZULIA, HAS MONUMENTAL PLANS FOR THE GEMELOPMENT OF THE REGION, BASED ON LURGE COAL DEPOSITS AND INVOLVING THE SECOND INTEGRATED STEEL MILL IM VENEZUELA. CORPOZULIA REPORTS IT NOW HAS FUNDS FOR ITS IMMEDIATE PROGRAMS, INCLUDING A SERIES OF FEASIBILITY STUDIES PROVIDING PROJECT DEFINITION FOR THE STEEL MILL, THE SUBJECT OF THIS REPORT.

3. PROJECT MANAGER:

ROMERO MENDEZ, JEFE DEL PROGRAMA SIDERURGICO
CORPOZULIA
APARTADO 1153, MARACAIBO
TELEX VYQQPQ

4. STATUS OF PROJECT: EXPECTED BID DATES

A PRE-FEASIBILITY STUDY BY THE BRITISH FIRM ATKINS
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(REPLACING THE CANADIAN CONSULTANT STELCO) IS DUE

OCTOBER 1976. IMMEDIATELY THEREAFTER, CORPOZULIA WILL ENTERTAIN PROPOSALS FOR FULL FEASIBILITY STUDIES AND CONCEPTUAL DEFINITION OF THE STEEL MILL PROJECT. AS CORPOZULIA WISHES TO MOVE QUICKLY, IT HAS SET A NOVEMBER TARGET DATE FOR CONTRACTING THESE STUDIES. THEREFORE, DR. ROMERO SUGGESTS THAT A LIMITED NUMBER OF QUALIFIED FIRMS SHOULD COME FORWARD IMMEDIATELY. THERE WILL NOT BE ANY PUBLIC ANNOUNCEMENT OR PRE-QUALIFICATION PROCEDURES. THE TIME PHASING FOR IMPLEMENTATION OF THE ENTIRE PROJECT CITED IN THE EARLIER MESSAGE ON THIS SUBJECT (CARACAS 3517) ALMOST CERTAINLY WILL SLIP.

5. ESTIMATED PROJECT COSTS AND FOREIGN CONTENT

THE TOTAL STEEL MILL PROJECT IS ESTIMATED AT ABOUT \$2.5 BILLION, WITH ABOUT 60 PERCENT FOR PLANT EQUIPMENT AND PERHAPS 30 PERCENT IMPORTED. NO ESTIMATE IS AVAILABLE FOR PROBABLE COSTS OF THE FEASIBILITY STUDIES.

6. COMPETITIVE FACTORS

WHILE ATKINS APPARENTLY HAS ESTABLISHED GOOD WORKING RELATIONS WITH CORPOZULIA, THAT AGENCY HAS A KEEN INTEREST IN RECEIVING PROPOSALS FROM OTHER INTERNATIONAL CONSULTING FIRMS. ARTHUR MCKEE, WHOSE EXPERIENCE IN VENEZUELA INCLUDES ADVISING SIDOR, HAS APPROACHED CORPOZULIA ALREADY. IT WOULD BE USEFUL FOR ALL INTERESTED FIRMS TO GO ON RECORD AS SOON AS POSSIBLE WITH A LETTER IN SPANISH TO DR. ROMERO EXPRESSING INTEREST AND DESCRIBING RECENT EXPERIENCE IN THIS FIELD. A VISIT TO MARACAIBO IN SEPT/OCT WOULD BE USEFUL ALSO. IT SHOULD BE NOTED THAT THE STUDIES PROBABLY WILL BE DIVIDED INTO THREE PORTIONS, I.E., CIVIL WORKS AND EARTHMOVING REQUIREMENTS TO BE PERFORMED BY VENEZUELAN FIRMS ONLY; SPECIALIZED PROCESS TECHNIQUES, TO BE AWARDED TO JOINT VENTURE FIRMS; AND STUDIES ON HIGH-TECHNOLOGY ASPECTS OF THE PROCESS, DIRECT REDUCTION, CONTINUOUS CASTING, ETC., WHICH WOULD BE OPEN TO PURELY FOREIGN FIRMS. A CORPOZULIA OFFICIAL SUGGESTS THAT

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THOSE FIRMS INVOLVED IN THE FEASIBILITY STUDIES ALSO WOULD HAVE A STRONG ENTREE TO THE ENGINEERING DEFINITION AND PROJECT IMPLEMENTATION BUSINESS.

7. THE INFORMATION CONTAINED IN THIS REPORT WAS PROVIDED BY THE AMERICAN CONSUL IN MARACAIBO, JAMES CASON. CORPOZULIA ALSO REPORTS THAT IT HAS RECEIVED DISPENSATION FROM THE GOV REGULATION WHICH LIMITS

THE HIRING OF OUTSIDE CONSULTANTS AND THAT IT HAS
ASSURANCE OF RECEIVING LARGE-SCALE FUNDING FOR
IMPLEMENTATION OF BOTH THIS AND THE COAL PROJECT.
GIVEN THE STRONG REGIONALISTIC FEELING PREVALENT IN
ZULIA STATE, U.S. FIRMS MAY WISH TO CONSIDER
PARTICIPATION WITH FIRMS LOCATED IN MARACAIBO REGION.
CONSULATE IS NOW PREPARING LIST OF QUALIFIED ZULIA-
BASED CONSULTING FIRMS TO BE FORWARDED AS SOON AS
POSSIBLE.
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